

PUBLIC DISCLOSURE

March 14, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

NORTH EASTON SAVINGS BANK

CERT # 90259

20 EASTHAM STREET

SOUTH EASTON, MA 02375

Division of Banks

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Federal Deposit Insurance Corporation

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NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") and the Federal Deposit Insurance Corporation ("FDIC") to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting its needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **North Easton Savings Bank (or the "Bank")** prepared by the Division and the FDIC, the institution's supervisory agencies as of **March 14, 2011**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00. The FDIC rates the CRA performance institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345 of the FDIC's Rules and Regulations.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory".

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Intermediate Small Bank CRA procedures were utilized for the evaluation. The assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Bank's performance under each of these two tests is summarized below:

Lending Test: The Lending Test is rated "Satisfactory"

- North Easton Savings Bank's average net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of the Bank's loans and other lending-related activities are in its assessment area.
- The geographic distribution of the Bank's residential loans reflects a reasonable dispersion throughout the assessment area, specifically within its low and moderate-income Census tracts.
- The Bank has achieved a reasonable penetration of loans among borrowers of different income levels (including low- and moderate-income) based on the demographics of the assessment area and a comparison to aggregate data.
- The Bank has not received any CRA-related complaints.

Community Development Test: The Community Development Test is rated "Satisfactory"

- The Bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

SCOPE OF EXAMINATION

This evaluation was conducted jointly by the Division and the FDIC. Intermediate Small Bank CRA Evaluation Procedures were used to assess the Bank's CRA performance. These procedures utilize two performance tests: the Lending Test and the Community Development Test. This evaluation considered the Bank's lending and community development activities for the period of December 18, 2007, through March 14, 2011. The data and applicable timeframes for the Lending Test and the Community Development Test are discussed below.

Through a review of the Bank's loan portfolio composition and discussions with management, it was noted that the Bank's primary lending focus is residential lending. Commercial lending was not included in the analysis since it accounts for only a small portion of the Bank's total lending activity. Consumer lending was also excluded from this analysis since it also accounts for only a small portion of the Bank's total lending activity, and the Bank does not collect data regarding such lending. Additionally, small farm loans represent a small percentage of the Bank's total loan portfolio and as such, are not analyzed in this evaluation.

The Lending Test focused on home mortgage lending. Home mortgage data analyzed included full-year lending data from January 1, 2009, through December 31, 2010. Information concerning the home mortgage lending was derived from the Loan Application Registers ("LARs") maintained by the Bank pursuant to the Home Mortgage Disclosure Act ("HMDA"). The LARs contain data about home purchase and home improvement loans, including refinancings, of one- to four-family and multifamily (five or more units) properties.

Home mortgage lending for 2009 is presented in the Geographic Distribution and Lending to Borrower's of Different Incomes tables. The Bank's lending performance in 2009 is the focus of the review as this is the most recent year for which aggregate HMDA lending data is available (aggregate lending data). The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all HMDA reporting lenders that originated loans in the Bank's assessment area. Home mortgage lending data for 2010 is referenced in the narrative to illustrate trends in the Bank's lending data.

The Community Development Test included community development loans and services for the period December 18, 2007, through March 14, 2011. Community development grants and donations for 2008, 2009, 2010 and year-to-date (YTD) 2011 were also included. Qualified equity investments and deposits currently held by the Bank were also included regardless of investment date. The investments were valued as of the December 31, 2010 book value.

Demographic information is from the 2000 U.S. Census unless otherwise noted. Financial data was derived from the December 31, 2010 Report of Condition and Income (Call Reports).

PERFORMANCE CONTEXT

Description of Institution

North Easton Savings Bank is a mutual savings bank established in 1864. The Bank is headquartered at 20 Eastham Street in South Easton, Massachusetts. In addition to the main office, the Bank operates eight full-service branches of which two are located in South Easton, two located in Norton, one in Mansfield, two in North Easton, and one in North Attleboro. Since the previous evaluation, the Bank opened a new branch and headquarters facility at 20 Eastham Street in South Easton in September 2008, and officially relocated its headquarters to this facility in May 2009.

As of December 31, 2010, the Bank's asset size was \$446.3 million with total gross loans of \$305 million or 68.3 percent of total assets. The Bank's net loan-to-deposit ratio as of the same data was 74.9 percent. Total assets have increased from \$405.2 million or 10.1 percent to the current level since the last evaluation (December 17, 2007).

As noted in Table 1, the Bank is primarily a real estate lender with 97.1 percent of the loan portfolio secured by real estate. Refer to Table 1 for information regarding the composition of the loan portfolio.

Table 1		
Loan Distribution as of December 31, 2010		
Loan Type	Dollar Amount \$(000's)	Percent of Total Loans (%)
Construction and Land Development	9,473	3.1
Revolving, open-end 1-4 Family Residential	27,472	9.0
1-4 Family Residential (first and junior lien)	232,291	76.2
Multi-Family (5 or more) Residential	5,106	1.7
Non-farm non-residential properties	21,833	7.2
Total Real Estate Loans	296,175	97.1
Commercial and industrial loans	3,007	1.0
Other revolving credit plans	263	0.1
Other consumer loans	5,359	1.8
Other loans	163	0.1
Total Loans	304,967	100.0

Source: 12/31/2010 Consolidated Reports of Condition and Income

North Easton Savings Bank is a full-service financial institution that offers a wide variety of products and services to both retail and commercial customers. The Bank offers an assortment of secured and unsecured consumer loans including home improvement, home equity loans and lines of credit, personal loans, and automobile loans and real estate loans for commercial customers. North Easton Savings Bank also provides customers with access to a variety of deposit products.

The FDIC and the Division last evaluated the Bank jointly for compliance with the CRA on December 17, 2007. The examination resulted in a CRA rating of "Satisfactory."

Based upon the Bank's financial condition, size, product offerings, and branch network, there are no apparent financial or legal impediments that would limit the Bank's ability to help meet credit needs within the assessment area.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Division and the FDIC evaluate an institution's CRA performance based upon the defined assessment area. North Easton Savings Bank has defined the municipalities of Attleboro, Brockton, Easton, Mansfield, North Attleboro, Norton, Stoughton, and Taunton, Massachusetts. Brockton and Stoughton are located in Plymouth and Norfolk Counties, respectively, within the Boston-Cambridge-Quincy, MA Metropolitan Division (MD). All the other communities are located in Bristol County, which is part of the Providence-New Bedford-Fall River, RI-MA Metropolitan Statistical Area (MSA).

The assessment area as currently defined meets the technical requirements of the CRA regulation since it (1) consists of one or more political subdivisions, (2) includes the geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state borders, unless otherwise permitted, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

The following table provides demographic and economic information pertaining to the Bank's assessment area.

Table 2 Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	57	3.5	21.1	47.3	28.1
Population by Geography	309,389	1.7	18.7	43.6	36.0
Owner-Occupied Housing by Geography	73,481	0.6	11.2	47.0	41.2
Family Distribution by Income Level	78,920	19.0	17.1	22.3	41.6
Distribution of Low and Moderate Income Families throughout AA Geographies	28,440	3.1	29.2	46.5	21.2
Median Family Income		\$60,661	Median Housing Value Unemployment Rate (2000 Census)		\$153,888
HUD Adjusted Median Family Income for 2009		\$77,900			2.7
HUD Adjusted Median Family Income for 2010		\$78,305			
Households Below Poverty Level		9.2.%			

Source: 2000 US Census, 2010 and 2009 HUD adjusted Median Family Income.

As Table 2 illustrates, the assessment area contains 57 census tracts. Of those census tracts, 2 or 3.5 percent are low-income; 12 or 21.1 percent are moderate-income; 27 or 47.3 percent are middle-income; and 16 or 28.1 percent are upper-income. Both of the low-income census tracts are located in Brockton, one is in downtown Brockton. The moderate-income census tracts are located in Brockton (10 in total) and Taunton (2 in total).

Table 2 also notes that based on 2000 U.S. Census data, the total population of the assessment area is 309,389 individuals. Of the total population within the assessment area, 1.7 percent resides in low-income census tracts, 18.7 percent of the population resides in moderate-income census tracts, 43.6 percent reside in middle-income census tracts, and 36.0 percent reside in upper-income census tracts.

Providing further insight into the demographic composition of the assessment area population is the number of families at each income level. According to the 2000 Census data, of the 78,920 families in the assessment area, 19.0 percent are low-income, 17.1 percent are moderate-income, 22.3 percent are middle-income, and 41.6 percent are upper-income. Additionally, 6.4 percent of the assessment area families are below the poverty level. The HUD adjusted Median Family Income

("MFI") for the assessment area was \$77,900 in 2010. The Department of Housing and Urban Development (HUD) publishes annual estimates of median family income that are adjusted for inflation and other economic events.

The table above also references housing units within the assessment area total 117,134, of which 73,481, or 62.8 percent are owner-occupied, and 40,206 or 34.3 percent are rental units. Of the owner-occupied units within the assessment area, 0.6 percent are in low-income census tracts, 11.2 percent are in moderate-income census tracts, 47.0 percent are in middle-income tracts, and 41.2 percent are in upper-income tracts. A total of 2.9 percent are vacant units.

The table above displays the median housing value in the assessment area according to the 2000 Census data. More recent data obtained from the *Warren Group*, Publisher of *Banker and Tradesman*, indicated that the area's median sales prices in 2010 ranged from \$160,000 in Brockton to \$310,000 in Easton. The average median sale price in Bristol County was \$215,000 in 2010 and \$256,000 in Plymouth County. Prices within in the assessment grew for the period under review, with an average sales price of \$243,737 in 2009 to an average price of \$248,832 in 2010.

According to the United States Department of Labor, the unemployment rate for Bristol County decreased from 13.7 percent in January of 2010 to 12.2 percent in January of 2011. This ratio is higher than the unemployment rate throughout Massachusetts, which decreased from 8.8 percent to 8.3 percent over the same period. The City of Brockton's (Plymouth County) current unemployment rate is 11.6 percent and Stoughton's (Norfolk County) current unemployment rate is 8.0 percent.

North Easton Savings Bank operates in a competitive market area in terms of financial services. The Bank competes for loans with many commercial banks, savings banks, credit unions, and mortgage brokers that operate in the area. In 2009, 344 lenders reported a total of 15,540 residential mortgage loans within the Bank's assessment area. Among the more prominent financial institutions competing with North Easton Savings Bank are Bank of America, CitiBank, Harbor One Credit Union, and Sovereign Bank.

A community contact was conducted in conjunction with this CRA evaluation. The contact was conducted with a community housing authority focused on facilitating public housing, rental assistance, and economic development. The contact mentioned that there are several opportunities within the community with which local financial institutions can get involved. These opportunities include many housing projects that are in need of affordable financing to continue. The contact also mentioned the need for flexible loan programs which in turn would spur lending, lead to a raise in consumer confidence, and provide increased opportunities to improve the current economic conditions.

The assessment area has no one primary credit need. The area's residents need a variety of retail loan products to meet personal needs and an array of home financing programs for the purchase, construction, improvement, or refinance of a residence.

PERFORMANCE CRITERIA

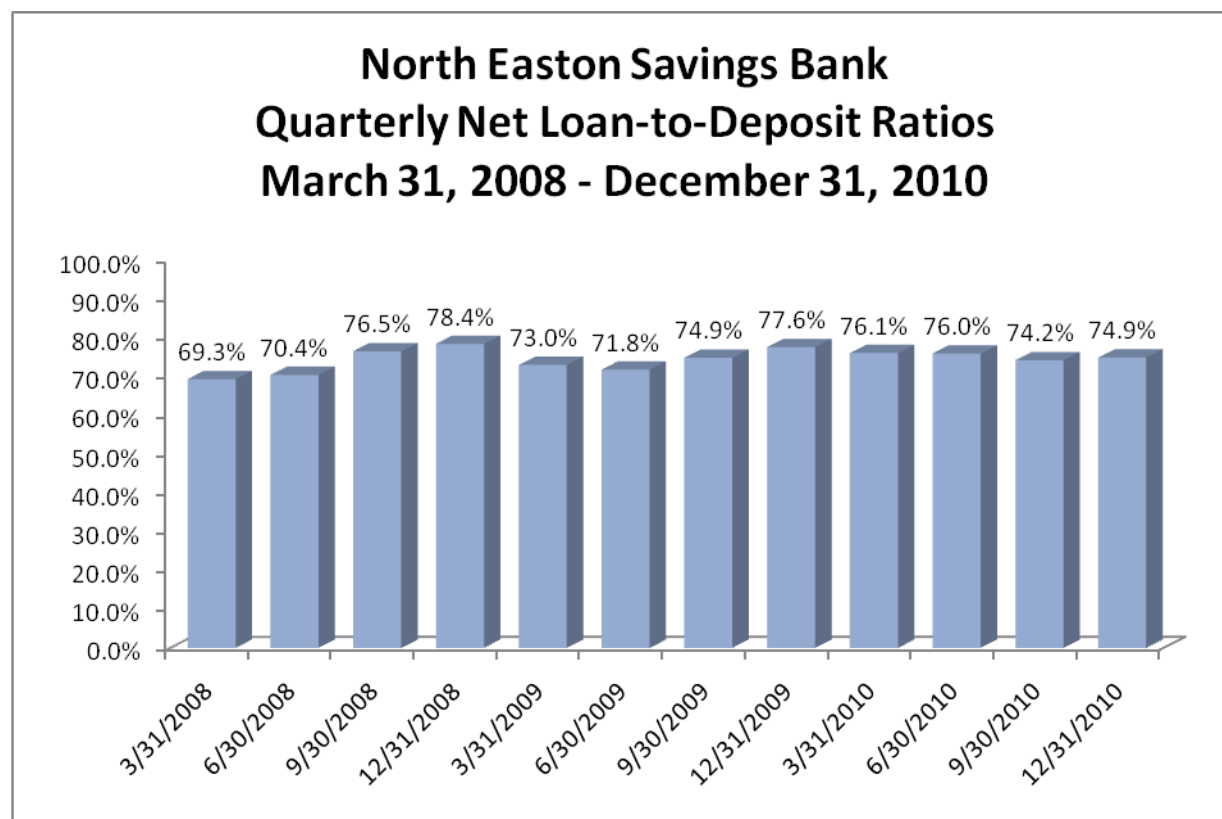
The Lending Test considers the institution's performance pursuant to the following criteria: loan-to-deposit ("LTD") ratio, assessment area concentration, borrower's profile, geographic distribution of loans, and the response to CRA complaints. The Community Development Test considers qualified community development loans, investments, donations, and services.

LENDING TEST

1. LOAN TO DEPOSIT ANALYSIS

This performance criterion determines the percentage of the Bank's deposit base reinvested in the form of loans and evaluates its appropriateness. The Bank's LTD ratio is reasonable given the institution's size, financial condition, and credit needs within the assessment area.

The average net LTD ratio of 74.4 percent was calculated using Call Report data for the 12 quarters since the previous joint FDIC and Division CRA evaluation. As shown in the graph below, the ratio generally remained steady over the quarters examined, from a high of 78.4 percent in December 2008 to 69.3 percent in March 2008. During the examination period, net loans increased 16.3 percent and deposits increased 8.7 percent.



For comparison purposes, the Bank's average LTD ratio was compared against the average LTD ratios of four similarly situated institutions (similar asset size and loan portfolio composition).

Table 3 Average Net Loan-to-Deposit Comparison		
Bank Name	Total Assets \$('000s) As of 12/31/10	Average Net LTD Ratio (%) 3/31/08 - 12/31/10
Cape Cod Cooperative Bank	593,360	107.8
Bridgewater Savings Bank	496,466	83.7
North Easton Savings Bank	446,301	74.4
Norwood Cooperative Bank	392,812	98.9
Walpole Cooperative Bank	343,534	105.1
Mansfield Cooperative Bank	329,765	80.0

Source: December 31, 2010 Call Reports

As displayed in the table above, the Bank's average net LTD ratio of 74.4 percent was comparable to that of four similarly situated institutions, particularly when the high rate of loan sales are taken into account, as well as the fact that a few institutions are borrowing funds to meet loan demand.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area. The analysis includes residential lending. Based upon a review of the home mortgage data, a majority of the Bank's lending activity occurs in the assessment area. Refer to Table 4 for specific information concerning the distribution of loans inside and outside the assessment area.

Table 4 Distribution of Loans Inside and Outside of Assessment Area										
Loan Category or Type	Number of Loans					Dollar Volume (\$'000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2009										
Home Purchase	33	51.6	31	48.4	64	7,344	36.6	12,728	63.4	20,072
Refinance	168	72.4	64	27.6	232	32,527	57.4	24,130	42.6	56,657
Home Improvement	7	70.0	3	30.0	10	1,173	75.0	391	25.0	1,564
Total	208	68.0	98	32.0	306	41,044	52.4	37,249	47.6	78,293
2010										
Home Purchase	31	49.2	32	50.8	62	8,087	43.0	10,702	57.0	18,789
Refinance	112	68.7	51	31.3	163	24,706	59.5	16,809	40.5	41,515
Home Improvement	26	81.3	6	18.7	32	4,899	83.8	946	16.2	5,845
Total	169	65.5	89	35.5	258	37,692	57.0	28,457	43.0	66,149
Grand Total	377	66.8	187	33.2	564	78,736	54.5	65,706	45.5	144,442

Source: 2009 and 2010 Bank HMDA LARs

Table 4 shows that the Bank originated 377 home loans totaling \$78.7 million in the assessment area during the evaluation period. This represents 66.8 percent of the total number of home loans originated by the Bank and 54.5 percent by dollar volume. In 2010, the percentage of home loans in the assessment area by number decreased compared to 2009. However, the overall dollar volume of loans inside the assessment area increased in 2010 from 2009.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The distributions of loans by borrower income were reviewed to determine the extent to which the Bank is addressing the credit needs of the area's low- and moderate-income residents. The Bank has achieved a reasonable penetration of loans among borrowers of different income levels (including low- and moderate-income) based on the demographics of the assessment area and a comparison to aggregate data.

Low-income is defined as income that is less than 50 percent of the area median family income. Moderate-income is defined as income that is at least 50 percent and less than 80 percent of the area median family income. Middle-income is defined as income at least 80 percent and less than 120 percent of the area median income. Upper-income is defined as income that is 120 percent or more of the area median income. The borrowers' reported incomes for 2009 and 2010 were compared to the median family incomes for the assessment area. The income figures are based on estimated HUD information.

Refer to Table 5 for the distribution of home loans by borrower income.

Table 5 Distribution of HMDA Loans by Borrower Income (Excludes loans with unknown income)									
Loan Category	# of Bank Loans	Percent of Bank Loans				Percent of Aggregate Lending			
		Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
2009									
Home Purchase	30	3.3	26.7	40.0	30.0	10.0	31.2	29.7	29.2
Refinance	163	9.8	11.7	28.2	50.3	6.2	16.5	27.9	49.4
Home Improvement	6	0.0	0.0	33.3	66.7	9.3	19.0	29.6	42.1
Total	199	8.5	13.6	30.2	47.7	7.5	21.1	28.5	42.9
2010									
Home Purchase	30	10.0	23.3	23.3	43.3				
Refinance	107	2.8	13.1	23.4	60.7				
Home Improvement	26	3.8	7.7	11.5	76.9				
Total	163	4.3	14.1	21.5	60.1				
Grand Total	362	6.6	13.8	26.2	53.3				
Demographics	#	Distribution of Families							
		Low	Moderate	Middle	Upper				
Families	78,920	19.0	17.1	22.3	41.6				

Source: 2009 and 2010 Bank HMDA LARs, HMDA Aggregate Data for 2009, Demographics from 2000 US Census Data

As shown in Table 5, upper-income borrowers accounted for the highest proportion of the total loans at 53.3 percent. Lending to upper income-borrowers was particularly strong in both the home improvement and refinance categories. The percentage of home lending to middle-income borrowers accounted for the next highest percentage at 26.2 percent. The middle-income borrowers had a particularly high proportion of home purchase loans in 2009. Much of the remaining loan volume was to moderate-income borrowers, with lending to low-income borrowers at a modest level. However, given the cost of housing in the assessment area in light of a low- or moderate-income borrower's income level makes it challenging for a low- or moderate-income family to afford homeownership. As such, the lower volume of lending to low-income and moderate-income borrowers is not unexpected.

The 2009 HMDA aggregate data was used as a comparison when evaluating the Bank's lending performance based on the four borrower income levels. The Bank's lending performance was similar to the aggregate of all lenders in that the highest percentage of loans was to the middle-

and upper-income borrowers. The Bank, however, placed higher proportions of its total home loans to middle- and upper-income borrowers than did the aggregate of all lenders. With respect to low-income borrowers, the Bank's lending was consistent (at 8.5 percent) with the aggregate lenders' lending percentage (at 7.5 percent). While the Bank's low-income lending percentage at 8.5 percent was lower than the 19.0 percent of families within the assessment area, the Bank did rank 11th in market share in lending to low-income borrowers among 344 lenders within the assessment area. With respect to moderate-income borrowers, the Bank's lending at 13.6 percent was lower than the aggregate lenders' lending percentage at 21.1 percent. In comparison with the percentage of families in the assessment area, less of a disparity is noted (13.6 percent versus 17.1 percent). As noted above, the cost of housing in the assessment area makes it difficult for a borrower at this income level to afford; this does somewhat mitigate the disparity between the aggregate lenders' performance and the percentage of moderate-income families in the assessment area. Additionally, management noted a high level of competition in Brockton where most of the moderate-income census tracts are located.

The Bank's performance in 2010 shows that 36 less loans were made in 2010 than in 2009. Loans to upper-income borrowers were the only group that increased from 2009 to 2010. Loans to low-income borrowers decreased by 58.8 percent, with 17 loans in 2009 to 7 loans in 2010. Loans to middle-income borrowers reflected a similar trend by decreasing 41.7 percent, with 60 loans in 2009 to 35 loans in 2010. Moderate-income loans remained relatively stable from 2009 to 2010.

4. GEOGRAPHIC DISTRIBUTION

The geographic distribution of loans was reviewed to assess how well the Bank is addressing the credit needs throughout the assessment area's low, moderate, middle, and upper-income areas. The Bank achieved a reasonable dispersion of residential loans throughout the assessment area. As stated in the *Performance Context*, there are 57 census tracts in the assessment area, of which 2, or 3.5 percent, are low-income; 12, or 21.1 percent, are moderate-income; 27, or 47.3 percent, are middle-income; 16, or 28.1 percent, are upper-income.

Summarized in Table 6 is the distribution of home loans by census tract income level.

Table 6 Distribution of HMDA Loans by Census Tract Income Level									
Loan Category	# of Bank Loans	Percent of Bank Loans				Percent of Aggregate Lending			
		Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
2009									
Home Purchase	33	0.0	6.1	30.3	63.6	0.9	15.1	45.1	38.9
Refinance	168	0.0	1.8	14.3	83.9	0.5	6.0	37.2	56.3
Home Improvement	7	0.0	14.3	14.3	71.4	1.0	7.5	41.0	50.5
Total	208	0.0	2.9	16.8	80.3	0.6	8.7	39.7	51.0
2010									
Home Purchase	31	0.0	12.9	22.6	64.5				
Refinance	112	0.0	1.8	12.5	85.7				
Home Improvement	26	0.0	7.7	7.7	84.6				
Total	169	0.0	4.7	13.6	81.7				
Grand Total	377	0.0	3.7	15.4	80.9				
Demographics	#	Low	Moderate	Middle	Upper				
Owner-Occupied Units	73,481	0.6	11.2	47.0	41.1				

Source: 2009 and 2010 Bank HMDA LARs, HMDA Aggregate Data for 2009, Demographics from 2000 US Census Data

As displayed in Table 6, no loans were made in low-income census tracts in 2009 or 2010. The majority of the Bank's loans were originated in upper-income census tracts, followed by middle-income tracts. The Bank's moderate-income lending was at 2.9 percent. In comparison, the aggregate lenders' performance in 2009 was similar, in that the middle- and upper-income census tracts claimed the majority of originations. However, the aggregate lenders outperformed the Bank making 8.7 percent of all originations in the moderate-income census tracts. Low-income census tracts accounted for only 0.6 percent of the aggregate lenders' lending volume. In comparison with the demographics of the assessment area, the Bank's low-income census tract lending is considered consistent with the percentage of owner-occupied units (at 0.6 percent), but lags the percentage of owner-occupied units in the moderate-income census tracts at 11.2 percent. Still, in both assessment area demographics and aggregate lending, the Bank is outperformed.

While the Bank's moderate-income census tract lending performance lags the percentage of owner-occupied housing units and aggregate lenders' lending to the same tracts, there are mitigating circumstances that were considered. As previously noted, all of the low-income census tracts and 10 of the 12 moderate-income census tracts are located in Brockton. The other two moderate-income tracts are located in the City of Taunton. The low owner-occupancy level (at 11.2 percent) within the moderate-income tracts and the nearly non-existent owner-occupancy rate in the low-income tracts illustrates a limited availability of owner-occupied housing units within these tracts. While the Bank operates 4 branches, including its main office, in Easton, the Bank does not currently operate any branches in Brockton. Easton abuts Brockton; however, there are numerous other institutions operating within the City, including Harbor One Credit Union and Citibank, both of which are highly competitive in the Brockton market, with a large majority of the low- and moderate-income census tract origination market share. It is also noted that members of senior management serve as officers or members of Brockton-related organizations and have voiced the Bank's commitment to lending in Brockton. Additionally, the Bank's performance in the moderate-income census tracts improved in 2010, with an upward trend in home purchase originations noted.

5. RESPONSE TO COMPLAINTS

No CRA-related consumer complaints have been received either by the Bank, the Division, or the FDIC since the prior CRA evaluation. As such, this performance criterion is not considered.

COMMUNITY DEVELOPMENT TEST

North Easton Savings Bank's community development performance demonstrates a satisfactory responsiveness to the community development needs of the assessment area. Based on a review of demographic and economic data, activities of similarly situated banks, and discussions with a community development organization, the assessment area has a high degree of community development need, particularly in the more urban area of Brockton and Taunton. The Bank has met these community development needs through the provision of community development loans, qualified investments and grants, and community development services. The Bank has established charitable foundations to support noteworthy causes.

Community Development Loans

For the purpose of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the bank for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

During the evaluation period, the Bank originated 5 community development loans totaling approximately \$3.5 million. Summarized in Table 7 are the community development loans by year and category:

Table 7 Community Development Loans										
Community Development Category	2008		2009		2010		YTD 2011		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing for Low- and Moderate- Income	1	650,000	0	0	1	886,870	1	207,000	3	1,743,870
Community Services Targeting Low- and Moderate- Income	1	1,692,000	0	0	0	0	1	25,000	2	1,717,000
Promote Economic Development through Small Business Financing	0	-	0	0	0	-	0	0	0	-
Revitalize Low and Moderate Income Census Tracts	0	-	0	0	0	-	0	0	0	-
Total	2	2,342,000	0	0	1	886,870	2	232,000	5	3,460,870

Source: Internal Bank Records

Described below is a representative sample of community development loans originated during the evaluation period:

- During the evaluation period, the Bank originated two loans totaling \$3,547,480 in 2010 for the construction of a 40B housing project. Of the 44 single family homes constructed, 11, or 25 percent, are affordable homes set below market value for low- and moderate-income buyers. In March 2010, the CRA Q&A changed allowing pro-rata consideration for those units that are geared toward low and moderate-income families based on the entire project. As such, the Bank's pro-rata share is \$886,870.
- In 2011, the Bank participated in a loan with six other area institutions to a social service agency that provides educational and recreational services to low- and moderate-income youths. The Bank's share of the loan is \$25,000.

Qualified Investments

A qualified investment for the purposes of this CRA evaluation is a lawful investment, deposit, membership share, or grant that has community development as its primary purpose. A qualified investment for purposes of this CRA evaluation is a lawful investment, deposit, donation, membership share, or grant that has community development as its primary purpose. The evaluation considered (1) investment and grant activity, (2) the responsiveness to credit and community development needs, and (3) community development initiatives.

North Easton Savings Bank's qualified investments were all in the form of grants and donations, as discussed below.

Grants and Donations

North Easton Savings Bank provided support to a variety of organizations through providing grants and donations directly to local charitable organizations. During the evaluation period, the Bank donated \$93,294 that met CRA's definition of community development. The Bank's donations, as a percentage of pre-tax net operating income (NOI) were 1.3 percent in 2010. In 2009, the Bank's donations as a percentage of pre-tax NOI were 4.8 percent.

Refer to Table 8 for a listing of the grants and donations by community development category and year:

Table 8 Community Development Qualified Grants and Donations								
Community Development Category	2008		2009		2010		YTD 2011	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing for Low- and Moderate-Income	4	2,290	5	2,700	4	3,000	0	0
Community Services Targeted to Low- and Moderate-Income	33	37,000	29	21,773	24	21,796	7	3,530
Revitalize Low and Moderate Income Census Tracts	2	555	0	0	3	650	0	0
Promote Economic Development through Small Business Financing	0	-	0	-	0	-	0	0
Total	39	39,845	34	24,473	31	25,446	7	3,530

Source: Internal Bank Records

Of the total dollars donated over the evaluation period, \$7,990, or 8.6 percent, was provided in qualified grants and donations to organizations that provide affordable housing. The Bank provided \$84,099, or 90.1 percent, to organizations that provide community services targeted to low- and moderate-income persons. The Bank also provided \$1,205, or 1.3 percent, for revitalizing low- and moderate-income census tracts.

Benefiting organizations included, for example, Habitat for Humanity, Mainspring- Home for Homeless, Pro-Home, Easton Food Pantry, South Shore Housing, Brockton Multi-Service Center, and Toys for Tots.

Community Development Services

A community development service has community development as its primary purpose and is generally related to the provision of financial services or technical services and assistance.

Officer Involvement

During the evaluation period, officers and employees of the Bank were involved in many local community development and nonprofit organizations in various capacities. Bank personnel provide these organizations with financial and management expertise while serving as directors, officers, loan committee members, and volunteers.

The following are a few examples of how the Bank's participation with various organizations has benefited the assessment area:

- Brockton Housing Partnership (BHP): BHP is committed to enhancing the quality of life for low- and moderate-income individuals by providing decent, safe, affordable housing while helping families move forward toward economic and social independence. An Assistant Vice president serves as a member of the financial literacy committee and a Senior Vice President served as the Chairperson for BHP during this evaluation period.

- Norton Local Housing Partnership (NLHP): NHLP is dedicated to providing affordable housing to low- and moderate-residents within the Town of Norton. An Executive Vice President serves on the Board of Directors.
- South Shore Habitat for Humanity: This organization is committed to providing decent affordable housing to members of the south shore community most in need. An Assistant Vice President serves on the Board.
- Mayor's Ad Hoc Committee to End Homelessness in Brockton Leadership Council: This committee is dedicated to providing permanent shelter for all its homeless persons within the City of Brockton. A Senior Vice President serves as the co-chair.
- Easton Fair and Affordable Housing Partnership: The goal of the Easton Housing Partnership is to exercise a leadership position in the development of affordable housing within the town. This is achieved through advocacy for affordable housing and their occupants as well as increasing awareness on fair housing laws. An Assistant Vice President of the Bank sits on the Board.

In addition to the involvement of its officers and employees, the Bank also provides the following community development qualified services:

Educational Seminars/Programs

Bank officers have participated in seminars and other events sponsored by the Bank during the evaluation period. These events provide opportunities for Bank representatives to inform those in attendance about the products and services offered by the Bank and to gain information about unmet credit needs in the assessment area. Some of the seminars are also presented in Portuguese.

- The Bank sponsored, co-sponsored- and participated in 6 first time homebuyer seminars and workshops as a means of educating the public and of promoting the Bank's products and services. These seminars have been held independently or in collaboration with Brockton Housing Partnership and MassHousing.
- The Bank actively participated in personal financial educational events geared toward local area residents and has been named a member of the Money Smart Alliance by the FDIC. This has included extensive participation in Money Smart seminars sponsored by Pro Home Incorporated, The Brockton Housing Partnership, and numerous high schools and colleges. As part of their involvement with the Money Smart Program, an officer of the Bank has been involved in the Credit for Life fair in Brockton each year.

Other

The Bank participates in the following public and privately sponsored programs that have special features that are of particular benefit to lower income consumers:

- North Easton Savings Bank is a member of SUM[®], an alliance between many community banks that have agreed not to assess automated teller machine surcharges fees to any of the other member banks' customers. This service is of particular benefit to low and moderate-income consumers.
- North Easton Savings Bank administers an Interest of Lawyers' Trust Accounts (IOLTA) Program. Interest earned on the applicable accounts is turned over to the Massachusetts IOLTA Program. Proceeds are used to provide low-income individuals with a variety of services, including education and legal services.

Branch/ATM/Other Facility Distribution

In addition to the main office, the Bank operates eight full-service branches of which two are located in South Easton, two located in Norton, one in Mansfield, two in North Easton, and one in North Attleboro. Since the previous evaluation, the Bank opened a new branch and headquarters facility at 20 Eastham Street in South Easton in September 2008, and officially relocated its headquarters to this facility in May 2009. In terms of geographic location, all of the Bank's branches and headquarters facility are in upper-income census tracts.

Automated teller machines (ATMs) are available at each of the banking offices, as well as at the Balfour Building at Wheaton College in Norton. All ATMs are located in upper-income census tracts.

Refer to Table 9 for information concerning the geographic distribution of branches and ATMs by census tract income level in comparison with the percentage of the population residing in the tracts and the percent of tracts in the assessment area.

Table 9				
Branch and ATM Distribution				
Census Tract Income Level	% of Population	% of Tracts in AA	% of Branches	% of ATMs
Low-Income	1.7	3.5	0	0
Moderate-Income	18.7	21.1	0	0
Middle-Income	43.6	47.3	0	0
Upper-Income	36.0	28.1	100.0	100.0

Source: Internal Bank Records

As illustrated in Table 9, the Bank's branch distribution in the low-income census tracts is less than the percentage of the population residing within the tracts (at 1.7 percent), as well as the percentage of census tracts in that income category (3.5 percent). As for the moderate-income census tracts, the Bank's branch distribution is less than the percentage of the population who reside in these tracts (18.7 percent) and the percentage of census tracts in that income category (21.1 percent). The distribution of ATMs is similar to that of the branch offices.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The Bank's compliance with the laws relating to discrimination and other illegal credit practices were reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. A violation of the Federal Reserve Board's Regulation B – Equal Credit Opportunity (ECOA) was identified during the concurrent compliance examination of the Bank; however the Bank's overall CRA rating was not negatively impacted.

APPENDIX A MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of HMDA-reportable credit applications the Bank received from minority applicants. Between January 1, 2009, and December 31, 2010, the Bank received a total of 561 residential loan applications from within its assessment area. During this period, 18 credit applications were received from minority applicants. Of the total applications received from minority applicants, 1 was denied. Refer to the following table for further details.

MINORITY APPLICATION FLOW								
RACE	2009 Bank Data		2009 Aggregate Data		2010 Bank Data		Bank Total	
	#	%	#	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	0	0.0	38	0.2	0	0.0	0	0.0
<i>Asian</i>	2	0.7	484	2.2	1	0.4	3	0.5
<i>Black/ African American</i>	3	1.0	1,453	6.7	7	2.7	10	1.8
<i>Hawaiian/ Pacific Isl.</i>	0	0.0	43	0.2	0	0.0	0	0.0
<i>2 or more Minority</i>	0	0.0	36	0.2	0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	2	0.7	185	0.9	3	1.1	5	0.9
Total Minority	7	2.4	2,239	10.4	11	4.2	18	3.2
<i>White</i>	278	92.0	14,462	67.1	238	91.9	516	92.0
<i>Race Not Available</i>	17	5.6	4,853	22.5	10	3.9	27	4.8
Total	302	100.0	21,554	100.0	259	100.0	561	100.0
ETHNICITY								
<i>Hispanic or Latino</i>	4	1.3	510	2.4	4	1.5	8	1.4
<i>Not Hispanic or Latino</i>	278	92.0	16,028	74.4	241	93.1	519	92.5
<i>Joint (Hisp/Lat / Not Hisp/Lat)</i>	2	0.7	159	0.7	2	0.8	4	0.7
<i>Ethnicity Not Available</i>	18	6.0	4,857	22.5	12	4.6	30	5.4
Total	302	100.0	21,554	100.0	259	100.0	561	100.0

Source: US Census, HMDA LAR, HMDA Aggregate Data

The Bank's minority application flow for this period was compared with the racial composition of the assessment area and the 2009 aggregate data for all other HMDA reporters within the assessment area. The comparison of data assists in deriving reasonable expectations for the rate of applications the Bank received from minority credit applicants.

According to the 2000 Census Data, the Bank's assessment area contained a total population of 309,389 individuals of which 19.2 percent are minorities. The assessment area's minority and ethnic population is 6.7 percent Black/African America, 1.8 percent Asian, .02 percent American Indian, 0.1 percent Hawaiian/Pacific Islander, 4.2 Percent Hispanic or Latino and 6.2 percent other. Concerning ethnicity, 12 applications were received from Hispanic applicants including joint applicants. The proportion of the Bank's 2009 joint ethnicity applicants, 2.0 percent, was below the aggregate level of applications received from the same group.

The Bank's minority application flow, when compared to aggregate's lending performance levels and the assessment area demographics does not meet the performance expectations. However, the positive trend is noted.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 20 Eastham Street, South Easton, MA 02375."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.